



Hall County Regional Planning Commission

**Wednesday, October 7, 2015
Regular Meeting**

Item F2

Redevelopment Plan Area 7

Staff Contact: Chad Nabity

Agenda Item #6

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

September 18, 2015

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 7 for a Site Specific Redevelopment Plan for property located at the southwest corner of the intersection of Schimmer Road and Blaine Street, in Grand Island, in Hall County, Nebraska to support this development. (C-02-2016GI)

PROPOSAL:

Hatchery Holdings, LLC is proposing to acquire property, and prepare the site for construction of a chicken hatchery. The property is zoned M2 Heavy Manufacturing and a hatchery is a permitted principal use.

OVERVIEW:

The purpose of the CRA and the designated blight and substandard areas is to provide incentives for development in underdeveloped areas of the community. This project will provide manufacturing development in a location that is intended for these uses. Development of this property will hopefully spur additional development at the industrial park. It will also provide jobs necessary to meet the employment requirements of the CDBG Grant used to pay for street, sewer and water infrastructure adjacent to the property. This area has already been declared blighted and substandard by the CRA, the Hall County Regional Planning Commission and the Grand Island City Council.

This project is **consistent** with the **existing zoning** and the **future land use plan** for this area within the City of Grand Island. This is evident by the fact that the property is zoned M2 Heavy Manufacturing. The M2 zone allows for a variety of commercial, office and manufacturing/industrial uses including those proposed with this plan as permitted principal uses.

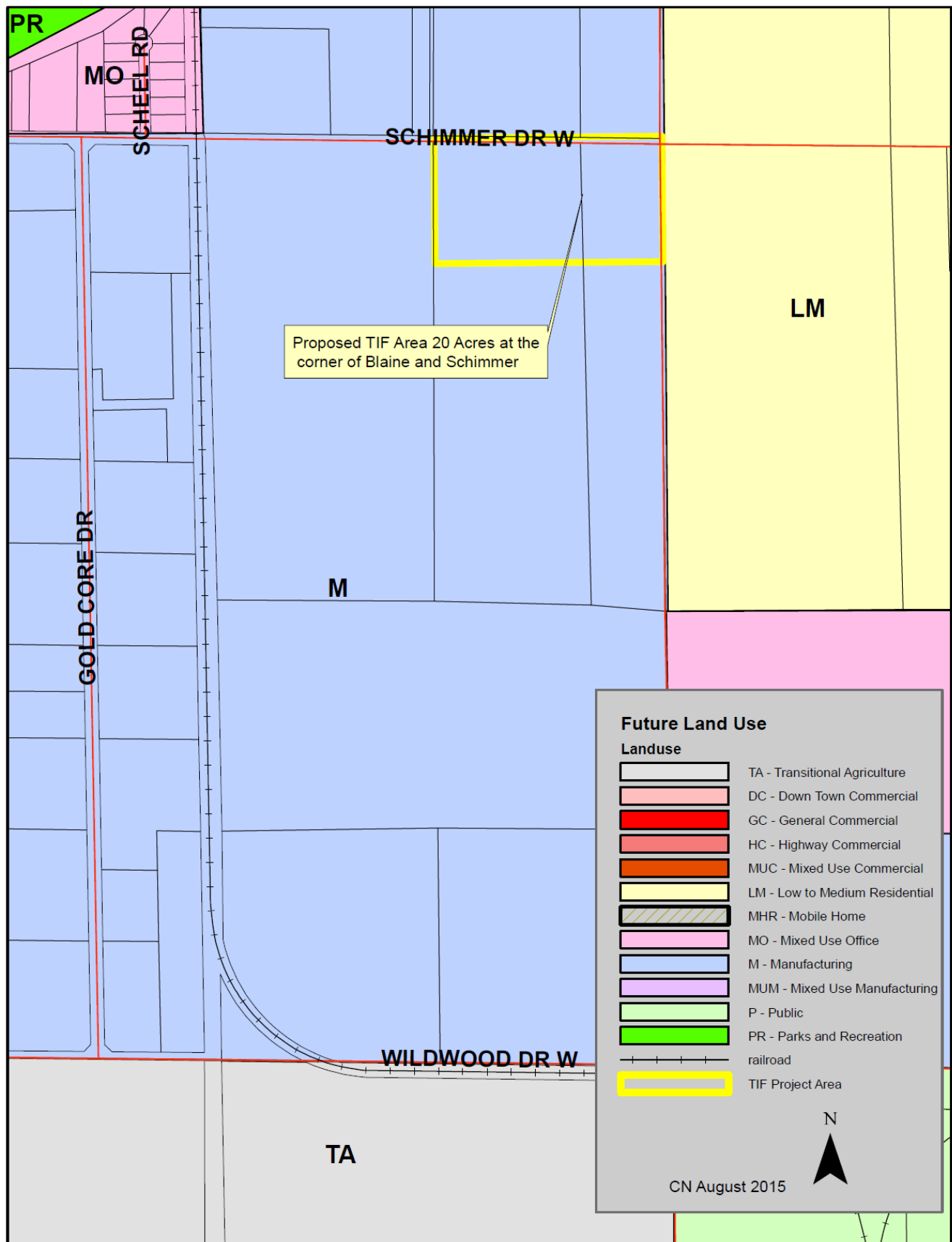
The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls for manufacturing uses here.

The Planning Commission is required to comment on these applications to confirm that expenditure of public funds through TIF is not supporting uses that would be inconsistent with the Comprehensive Plan. The proposed use for manufacturing at this location appears to be supported by the plan.

RECOMMENDATION:

That the Regional Planning Commission recommend that City Council **approve** of the redevelopment plan amendment as submitted. A resolution is attached for your consideration.

_____ Chad Nabity AICP, Planning Director





BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: Hatchery Holdings, LLC

Operational Site Address: SW Corner of Blaine and Schimmer Drive, Grand
Island, NE 68801

Contact: Peter Mumm
Managing Director
Hendrix-ISA, LLC
5953 Frase Court
Fall Creek, WI, 54742
Cell: 937-935-6713

Business/Admin Office Address:

5800 Merle Hay Road, Suite 14

PO Box 394

Johnston, IA 50131

Contact: Todd Carlson – Phone: (515)253-0943 Ext 136, Fax No: (515)253-0942

Brief Description of Applicant's Business:

Development, Construction and Operation of a Hatchery facility that will produce approx. 24,000,000 day old chicks per year. The chicks will be sold to egg producing layer operations regionally, including sales in the states of Nebraska, Iowa, Missouri, South Dakota, Colorado and Minnesota. There will be 6-8 related

breeder operations in the Grand Island area to support the hatchery operations. The operation will include a vaccination department/area to vaccinate the chicks with the appropriate governmental/industry approved vaccinations. There will be approximately 50 employees at the hatchery location.

Present Ownership Proposed Project Site: Owned by Grand Island Economic Development Corporation

Approximately 20 acres in the NE ¼ of Section 5 Township 10 N Range 9 W of the 6th PM in Hall County Nebraska.

Proposed Project:

- 20 acre site
- 60,000 sq/ft building including 5,400 sq/ft of office/support space
- Slab on grade construction with steel frame, bar joist for roof support, exterior interlocking insulated foam panels with Kynar finish
- Approx 8,000 S.Y. of roadway/parking access, 6,000 S.Y. of concrete at dock areas & 240'x420' of asphalt parking area

If Property is to be Subdivided, Show Division Planned:

- Sub-division/Platting in process. Will forward upon receipt.

VI. Estimated Project Costs:

Acquisition Costs:

A. Land	\$ 1,600,000
B. Building	\$ 0

Construction Costs:

A. Renovation or Building Costs:	\$ 10,034,177
B. On-Site Improvements:	
1. Utilities to Building	\$ 136,313

2. Grading	\$ 174,000
3. Site Preparation	\$ 84,000
4. On Site Drainage Facilities	\$ 25,000
5. Parking Lots	\$ 314,687
6. Signage	\$ 5,000
7. Parking Lot Lighting	\$ 20,000
8. Landscaping	\$ 20,000
9. Tap Fees	\$ 25,000
C. Hatchery Equipment	\$ 6,000,000

Soft Costs:

A. Architectural & Engineering Fees:	\$ 350,000
B. Financing Fees:	\$ 540,000
C. Legal/Developer/Audit Fees:	\$ 280,000
D. Contingency Reserves:	\$ 360,000
E. Other (Please Specify)	\$ 0
TOTAL	\$19,998,177

Total Estimated Market Value at Completion:	\$ 21,000,000
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Source of Financing:

A. Developer Equity:	\$ 4,875,647
B. Commercial Bank Loan:	\$ 12,243,217
Tax Credits:	
1. N.I.F.A.	\$ 0
2. Historic Tax Credits	\$ 0
D. Industrial Revenue Bonds:	\$ 0
E. Tax Increment Assistance – Site Funding:	\$ 2,674,313
F. Nebraska Sites Building Development Fund	\$ 125,000

Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:

Architect:

TBD

Engineer:

Civil – TBD

Mechanical - TBD

General Contractor:

Henning Companies, LLC

5800 Merle Hay Road, Suite 14

Johnston, IA 50131

Phone: (515) 253-0943

Fax: (515) 253-0942

Estimated Real Estate Taxes on Project Site Upon Completion of Project:

Dave – please insert calculation here based on details above.

Current Valuation \$220,000 Current Taxes \$4805

Expected Valuation \$11,600,000 Expected Taxes \$253,330

Annual Taxes \$253,330 Less Base \$4805 Expected Increment \$248,525

Project Construction Schedule:

Construction Start Date: October 15, 2015

Construction Completion Date: September 15, 2016

XII. Please Attach Construction Pro Forma

In process, will forward upon completion

XIII. Please Attach Annual Income & Expense Pro Forma

New entity, currently under development by Hatchery operating entity

TAX INCREMENT FINANCING REQUEST INFORMATION

Describe Amount and Purpose for Which Tax Increment Financing is Requested:

Requesting a 15 year deferral of taxes on the property – based on the current assessed value of the property vs the improved value of the property.

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing for Proposed Project:

The support of the Nebraska Sites and Building Development Fund will bridge the current financing/equity gap to get the project started yet this fall. We are requesting a \$175,000 award to allow us to start the project per the sources/uses gap that exists at this point. \$125,000 of this will be available for building and \$50,000 will be available for training.

Municipal and Corporate References (if applicable). Please identify all other Municipalities, and other Corporations the Applicant has been involved with, or has completed developments in, within the last five (5) years, providing contact person, telephone and fax numbers for each:

- Mr. Rand Fisher, President
Iowa Area Development Group
2700 Westtown Parkway, Suite 425
West Des Moines, IA 50256
rfisher@iadg.com, (515)223-4743
- Mr. Rob Cleveland, Director Economic Development
Indiana Michigan Power
recleveland@aep.com
(260)408-3453

- Ms. Kathy Bantz, Mayor
City of Montpelier Indiana
300 West Huntington Street
Montpelier, IN 47359
mayorbantz@montpeliercity.net
(765)728-6500

IV. Please Attach Applicant's Corporate/Business Annual Financial Statements for the Last Three Years.

* Not applicable, new entity.

Post Office Box 1968
Grand Island, Nebraska 68802-1968
Phone: 308 385-5240
Fax: 308 385-5423
Email: cnabity@grand-island.com

**Redevelopment Plan Amendment
Grand Island CRA Area 7
September 2015**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 7 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of an industrial project in Area 7.

**Executive Summary:
Project Description**

THE ACQUISITION OF PROPERTY AT THE SOUTHWEST CORNER OF SCHIMMER ROAD AND BLAINE STREET (APPROXIMATELY 20 ACRES) AND THE SUBSEQUENT SITE WORK, GRADING, DRAINAGE IMPROVEMENTS, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR CONSTRUCTING A COMMERCIAL BUILDING TO BE USED AS A COMMERCIAL CHICKEN HATCHERY AT THIS LOCATION.

The use of Tax Increment Financing (TIF) to aid in the acquisition of property, necessary site work including drainage, and installation of public utilities and utility connections necessary to develop this site. The use of TIF for this project was proposed by the Grand Island Area Economic Development Corporation (GIAEDC) in their proposal to bring this project to Grand Island. This project developer is willing to locate this business in Grand Island provided TIF is available to support the project.

The acquisition, site work and construction of all improvements will be paid for by the developer based on their agreements with GIAEDC. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and other necessary expenditures. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2017 towards the allowable costs and associated financing for the acquisition and site work.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND RELATED SITE WORK WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

This property is located west of Blaine Street south of Schimmer Drive in southern Grand Island, the attached map identifies the subject property and the surrounding land uses:

- **Legal Description** Exact description to be provided later but 20 acres more or less consisting generally of either the N ½ or E ½ of NE ¼ of the NE ¼ of

Section 5, Township 10 North, Range 9 west of the 6th P.M. in Grand Island, Hall County, Nebraska.



Based on the proposal the tax increment will be captured for the tax years the payments for which become delinquent in years 2018 through 2031 inclusive.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from the construction of new commercial space on this property.

Statutory Pledge of Taxes.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property in the Redevelopment Project Area shall be divided, for the period not to exceed 15 years after the effective date of the provision, which effective date shall be set with the signed contract estimated now to be January 1, 2017. Said taxes shall be divided as follows:

a. That portion of the ad valorem tax which is produced by levy at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds, of each such public body in the same proportion as all other taxes collected by or for the bodies; and

b. That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such redevelopment project shall be paid into the funds of the respective public bodies.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CRA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Redevelopment Plan Amendment Complies with the Act:

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan Amendment meets the statutory qualifications as set forth below.

1. The Redevelopment Project Area has been declared blighted and substandard by action of the Grand Island City Council on August 28, 2007.[§18-2109] Such declaration was made after a public hearing with full compliance with the public notice requirements of §18-2115 of the Act.

2. Conformation to the General Plan for the Municipality as a whole. [§18-2103 (13) (a) and §18-2110]

Grand Island adopted a Comprehensive Plan on July 13, 2004. This redevelopment plan amendment and project are consistent with the Comprehensive Plan, in that no changes in the Comprehensive Plan elements are intended. This plan merely provides funding for the developer to acquire the necessary property and provide the necessary site work for the construction of a permitted use on this property.

3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]

a. Land Acquisition:

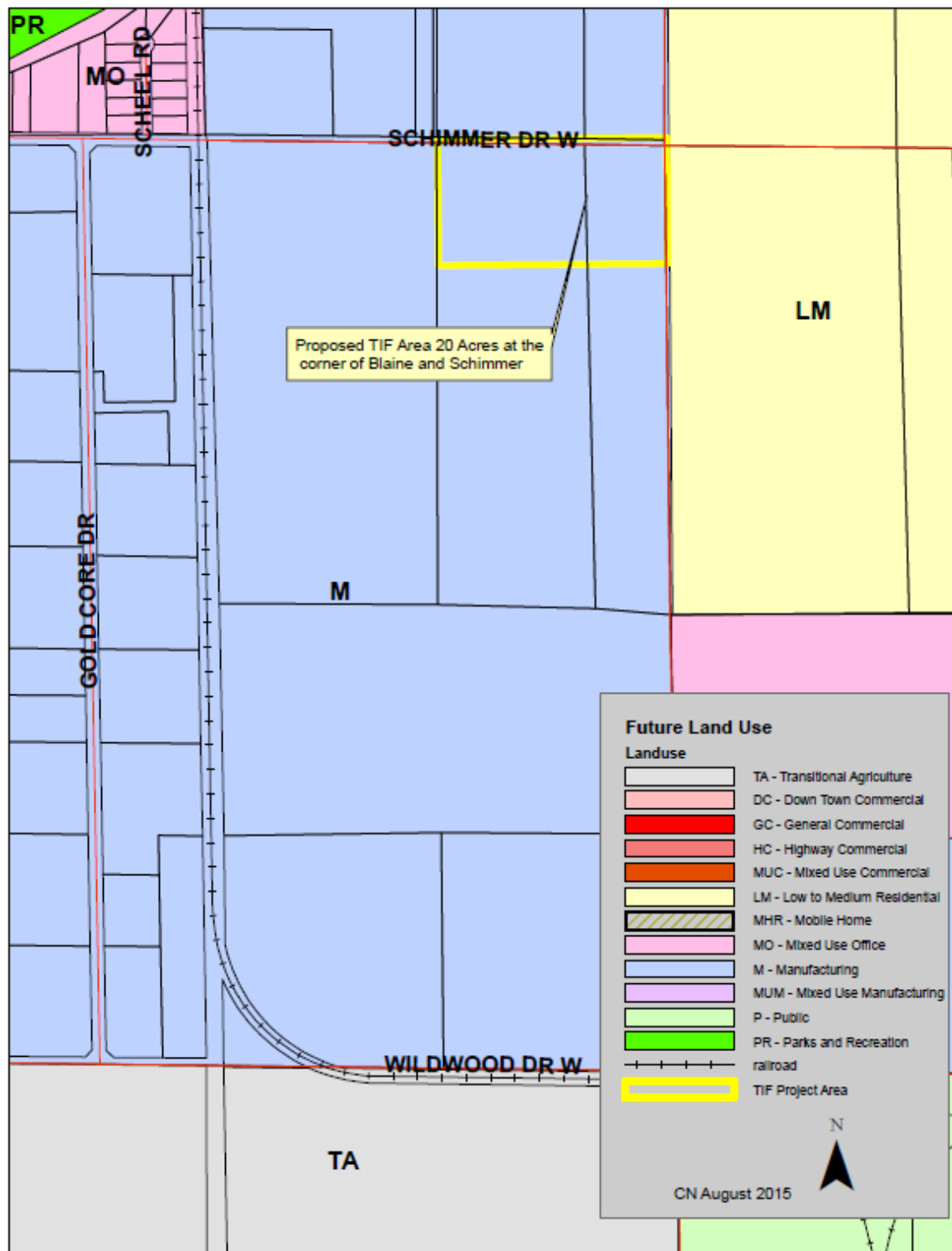
This Redevelopment Plan for Area 7 provides for real property acquisition. There is no proposed acquisition by the authority. The applicant will be acquiring the property from the current owner.

b. Demolition and Removal of Structures:

The project to be implemented with this plan will not require demolition of any existing structures.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for manufacturing development [§18-2103(b) and §18-2111]. The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



City of Grand Island Future Land Use Map

d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.

The area is zoned M2 Heavy Manufacturing District. No zoning changes are anticipated with this project. No changes are anticipated in street layouts or grades. No changes are anticipated in building codes or ordinances. Nor are any other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing to acquire property and build a 60,000 square foot building to be used as a chicken hatchery to supply chickens for egg production in the surrounding agricultural zoning districts in Hall County and the surrounding counties. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. Connections for water and sewer will have to be extended to serve the proposed future development.

Adequate electric utility infrastructure is available to support this development.

No other utilities would be impacted by the development.

No other utilities would be impacted by the development. [§18-2103(b) and §18-2111]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. This amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§18-2103.02]

5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106]

6. Section 18-2114 of the Act requires that the Authority consider:

a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.

The developer is proposing to purchase this property for redevelopment for \$1,600,000 provided that TIF is available for the project as defined. The cost of property acquisition is being included as a TIF eligible expense. Costs for site preparation, grading and drainage structures, utility extensions and connection fees, of \$444,313 and planning and legal costs of \$630,000 are included as TIF eligible expenses. It is estimated based on the proposed increased valuation of the project of \$11,600,000 will result in \$3,728,000 of increment generated over a 15 year period.

No property will be transferred to redevelopers by the Authority. The developer and GIAEDC will provide and secure all necessary financing.

b. Statement of proposed method of financing the redevelopment project.

The developer and GIAEDC will provide all necessary financing for the project. The Authority will assist the project by granting the sum of \$2,674,313 for the project from the proceeds of the TIF Indebtedness issued by the Authority. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. It is expected that TIF revenues shall be made available to repay the original debt after January 1, 2018 through December 2032 depending on the final building schedule and contract date.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan.

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs,

promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan Amendment. This development, in and of itself will promote consistency with the Comprehensive Plan, in that it will allow for the utilization of the property for manufacturing purposes consistent with the intent of the Comprehensive Plan. This property was purchased by the GIAEDC in 2006 for the purpose of encouraging industrial development. The City and the GIAEDC have invested substantial funds in extending infrastructure to serve this property for manufacturing purposes. New manufacturing development will raise property values and encourage further development of this property.

8. Time Frame for Development

Development of this project is anticipated to be completed between October of 2015 and September of 2016. Excess valuation should be available for this project for 15 years beginning with the 2017 tax year.

9. Justification of Project

The property is located at the northeast corner of the property referred to variously as Platte Valley Industrial Park East (PVIP East) and more recently as Wildwood Business Park south of Schimmer Drive and west of Blaine Street. A community development block grant of \$935,000 from the Nebraska Department of Economic Development was used to pay for a portion of the paving of Blaine Street and the installation of sanitary sewer and water lines adjacent to the site. The use of those funds obligates the City and the GIAEDC to recruit businesses that will create at least 37 jobs 51% of which are to be “held by” or “made available to” people that are currently considered low to moderate income. This project as proposed would fulfill the job creation requirements of that grant.

10. Cost Benefit Analysis Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of the plan amendment in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses. Approximately \$2,674,300 in public funds from tax increment financing provided by the Grand Island Community Redevelopment Authority will be required to complete the project. The total private investment on this project is the total of the costs not eligible for is TIF \$17,003,687. This \$2,674,300 investment by the Authority and the people of Grand Island will leverage \$17,003,687 in private sector financing and investment; a private investment of \$6.35 for every TIF dollar investment.

Use of Funds. Phase 1			
Description	Eligible for TIF Funds	Private Funds	Total
Site Acquisition	\$1,600,000		\$1,600,000
Utilities/On Site Improvements	\$444,313	359,687	\$804,000
Legal Private	\$250,000		\$250,000
Legal CRA Cost	\$30,000		\$30,000
Fees ¹	\$1,600		\$1,600
Architecture	\$350,000		\$350,000
Building Construction Costs		\$10,034,000	\$10,034,000
Soft Costs		\$610,000	\$610,000
Personal Property		\$6,000,000	\$6,000,000
TOTALS	\$2,675,913	\$17,003,687	\$19,679,600

Tax Revenue. The property to be redeveloped has a January 1, 2015, valuation of approximately \$220,000 according to the Hall County Assessor's Office. Based on the 2014 levy this would result in a real property tax of approximately \$4,804. It is anticipated that the assessed value will increase by almost \$11,400,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$248,525 annually resulting in \$3,728,000 of increment over the 15 year period. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2015 assessed value:	\$ 220,000
Estimated value after completion	\$ 11,600,000
Increment value	\$ 11,380,000
Annual TIF generated (estimated)	\$ 248,525
TIF bond issue	\$ 2,674,313

(a) Tax shifts resulting from the approval of the use of Tax Increment Financing;

The redevelopment project area currently has an estimated valuation of \$220,000. The proposed redevelopment and commercial construction at this location will result in an additional \$11,380,000 of taxable valuation based on valuations of similar properties. No tax shifts are anticipated from the project. The project creates additional valuation

that will support taxing entities long after the project is paid off. The project will not add any tax burdens to taxing entities. Therefore no tax shifts will occur.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will impact schools. Fire and police protection are available and should not be impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

This project will not negatively impact employers or employees in the area directly. It is anticipated that this project will create 50 additional jobs more than half of which will be available to people currently considered low to moderate income meeting the job creation component of the Community Development Block Grant that was used to extend utilities to the property and pave Blaine Street. The increase in available jobs may result in further tightening of the job market.

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

No major impacts are anticipated outside of the city or immediate area to total employment from this project. The satellite farming operations that will be raising chickens for egg production will stabilize and diversify the ag sector. There may be an increase in employment in the construction sector during construction of this project and the outlying facilities that will support this plant.

(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.

This project will serve as a catalyst project developing a 20 acre parcel within the Platte Valley Industrial Park East. This project will meet the obligations the City and the GIAEDC have for job creation as part of the CDBG grant that was used to install utilities across the property and pave Blaine Street. This project will diversify the ag employment sector into new production that is not currently found in central Nebraska, specifically egg and chicken production.

Time Frame for Development

Development of this project is anticipated to be completed during between October 2015 and September of 2016. The date of TIF will be established with the approved contract

but it is anticipated that the base tax year should be calculated on the value of the property as of January 1, 2016. Excess valuation should be available for this project for 15 years beginning with the 2017 tax year. Excess valuation will be used to pay the TIF Indebtedness issued by the CRA per the contract between the CRA and the developer for a period not to exceed 15 years or an amount not to exceed \$2,674,313 the projected amount of the eligible expenses for this project. Based on the purchase price of the property and estimates of the expenses of renovation activities and associated engineering fees, the developer will spend more than \$2,674,313 on TIF eligible activities.

See Attached Site Plan